Message Text

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TAGS: NATO, MILI, ECON

SUBJECT: COMMON FUNDING FORMULAS

- 1. A KEY ELEMENT OF THE INITIATIVES OFFERED BY SECDEF AT THE RECENT DPC IS THE DEVELOPMENT OF MULTI-LATERAL FUNDING MECHANISMS TO MEET NEW COLLECTIVE NEED AND SUPPORT SEPARATE COMMON PROGRAMS. THIS IS ENVISIONED AS SEVERAL COMMON FUNDS ALONG THE LINES OF THE INFRASTRUCTURE FORMULA FOR OTHER IMPORTANT COLLECTIVE PROGRAMS SUCH AS A WRM STOCKPILE FUND, A TRAINING AND EXERCISE FUND, AN EW PROGRAM FUND.
- 2. A REASONABLE AND PROMISING APPROACH TO DEVELOPMENT OF SUCH FUNDING MECHANISMS WOULD BE THE ESTABLISHMENT OF A BASIC, OBJECTIVE COST-SHARING FORMULA AS A FRAMEWORK ON WHICH TO HANG THE UNIQUE SUBJECTIVE COST UNCLASSIFIED

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ELEMENTS OF PARTICULAR SYSTEMS. A UNIVERSAL BUT ADJUSTABLE COST-SHARING FORMULA, PREVIOUSLY AGREED UPON BY ALL ALLIES AND TAKING INTO ACCOUNT NOT ONLY CAPACITY TO PAY BUT GENERAL SECURITY BENEFITS DERIVED FROM PARTICIPATION IN ALLIANCE-WIDE PROGRAMS, MIGHT AID IN REDUCING PROTRACTED AND INCONCLUSIVE NEGOTIATIONS SUCH AS ATTENDED THE AEW MATTER.

3. WE REGARD SUCH A FORMULA AS DIFFICULT BUT NOT IMPOSSIBLE TO DERIVE. OBVIOUSLY, HOWEVER, IT COULD NOT BE A "US FORMULA"--IT WOULD HAVE TO BE FORMULATED AS A COLLECTIVE EFFORT. ACCORDINGLY, WE SOLICIT MISSION'S VIEWS ON WHAT ORGAN OF NATO MIGHT BEST ADDRESS THIS SUBJECT (POSSIBLY THE ECONOMIC COMMITTEE), AS WELL AS VIEWS ON THE GENERAL CONCEPT OF A BASIC COST-SHARING FORMULA.

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